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## Legislative Bulletin.....January 15, 2009

### Contents:

**Amendments to H.R. 384**—The TARP Reform and Accountability Act of 2009

H.R. 384, the TARP Reform and Accountability Act of 2009 (sponsored by *Rep. Frank, D-MA*), is scheduled to be completed by the House on Thursday, January 15, 2009, subject to a structured rule for further consideration of the bill ([H.Res. 62](#)), making in order the amendments listed below. All amendments are debatable for 10 minutes, except for the Manager's Amendment which is debatable for 40 minutes.

The rule governing general debate ([H.Res. 53](#)) waives all points of order against consideration of the bill except for clause 9 of Rule XXI (earmarks).

Note: Both rules for H.R. 384 (the one governing general debate, and the one governing amendment debate), waive PAYGO. According to CBO, the bill will increase mandatory spending by \$14.8 billion over the FY 2009-2013 period and decrease it by \$13.3 billion over the FY 2009-2018 period. Because H.R. 384 increases the deficit over the first five years, the legislation in its current form violates PAYGO.

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### AMENDMENTS MADE IN ORDER UNDER THE RULE

1. ***Frank (D-MA)***. MANAGER'S AMENDMENT. Among other things, the amendment requires the Treasury Secretary to create a fully searchable database on the use of TARP funds, and requires the Treasury Secretary to establish an "Office of Minority and Women Inclusion." The amendment also adds a new Title VIII to the bill requiring the Treasury Secretary to issue a report on the "Guarantee of Certain Citigroup Assets." This report is to include the authority under which the Citigroup guarantee and purchases were made, and an accounting of the loans, securities, and financial instruments involved. The amendment also adds a Title IX of the bill, requiring a GAO study on the root causes of the financial crisis.
2. ***Matsui (D-CA)***. The amendment expresses the sense of Congress that TARP participants should not initiate a foreclosure proceeding on a principal homeowner mortgage until the foreclosure mitigation plan has been developed by the Secretary of

the Treasury and the Chair of the FDIC and approved by the Financial Stability Oversight Board.

3. **Hensarling (R-TX).** The amendment strikes the portion of the bill concerning the “Board Observer.” In the underlying bill, the Treasury Secretary may require the attendance of an observer (as a representative of the Treasury Secretary) at any meeting of the board of directors of any participating institution.
4. **Holt (D-NJ).** The amendment would require an auction of troubled assets to third party purchases. The amendment further requires that if such auctions are not made after three months of enactment of H.R. 384, the Secretary of the Treasury is to issue a report on why the auctions have not occurred and by what alternative mechanism the Treasury Secretary believes TARP assets can most expeditiously be valued and liquidated.
5. **Bachmann (R-MN).** The amendment would eliminate Title V of the bill. In general, this title of the bill is designed to increase the number of loans refinanced through the Hope for Homeowners program. CBO estimates the program has a 15% subsidy cost, and that over ten years, this title of the bill would increase mandatory spending by \$675 million.
6. **Bachmann (R-MN).** The amendment strikes Title III of the bill. In general, this title of the bill allows TARP funds to be used for an auto bailout.
7. **Murphy (D-PA).** The amendment requires the Board of Governors of the Federal Reserve to issue a report on the details of the competitive request for proposal process that was used to select the investment managers of the Federal Reserve System’s Agency Mortgage-Backed Security Purchase Program (announced on November 25, 2008). The report is to further include all details of contracts made between the Federal Reserve System and the selected investment managers, as well as the steps each investment manager took to ensure that the role on the Agency Mortgage-Backed Security Purchase Program is segregated from other advisory and propriety trading activities undertaken by the investment manager.
8. **Myrick (R-NC).** The amendment prohibits TARP participants from entering into new agreements with any foreign company for customer service functions, including call centers. In other words, the amendment is intended to prohibit TARP participants from “outsourcing” call centers or other customer service jobs to foreign companies.
9. **Walz (D-MN).** The amendment requires the Secretary of the Treasury to post online quarterly reports from TARP participants on how the assistance has been used.
10. **Flake (R-AZ).** The amendment gives the TARP Inspector General oversight authority over any actions related to TARP fund distributions.

11. ***Hinchey (D-NY)***. The amendment requires TARP participants to provide information to the Treasury Secretary on the precise use of TARP assistance (and the purpose for the use), and requires the Secretary to conduct an analysis of the use of the assistance.